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C O N F I D E N T I A L BRATISLAVA 000683

SIPDIS

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TAGS: [PGOV](#) [ECON](#) [ETRD](#) [PINR](#) [KDEM](#) [LO](#)

SUBJECT: RUSKO SACKED BY PRESIDENT; COALITION WEAKENED, BUT STILL STANDING

REF: A. BRATISLAVA 682

[1](#)B. BRATISLAVA 677

[1](#)C. BRATISLAVA 663

[1](#)D. BRATISLAVA 626

[1](#)E. BRATISLAVA 618

Classified By: Ambassador Rodolphe M. Vallee for Reasons 1.4(B) and (D)

[1](#)1. (C) President Ivan Gasparovic fired Minister of the Economy Pavol Rusko (reftels) at noon August 24, after Rusko failed to submit his resignation by 9:00am as demanded at a press conference last night by Prime Minister Dzurinda. Rusko's Alliance of New Citizen (ANO) party announced that it would remain in the coalition, but one MP has already defected, and the Prime Minister told the Ambassador that he believes at least seven will depart from the troubled party and continue to support the ruling coalition.

RUSKO AS MARTYR

[1](#)2. (C) Following an afternoon meeting of the coalition council on August 23, sources told us that the coalition had decided that Rusko would be asked to resign by Friday, giving the Prime Minister -- and ANO -- time to identify and agree upon a possible replacement Minister. However, in the evening hours following this meeting, PM Dzurinda told a press conference there had been a transfer of SKK 1.5 billion (around USD 48 million) in Ministry of Economy funds (received from the EU and earmarked for small and medium enterprise development) to one single company August 22. The unauthorized transfer was the straw that broke the coalition's back; Dzurinda took to the airwaves to call for Rusko's resignation by 9:00am the next day. Dzurinda echoed this in a meeting with the Ambassador August 24 when he said that he had to take the step because of Rusko's "corruption."

[1](#)3. (C) Rusko, as we expected, decided to try for martyr status, preferring to be fired (and thus, be seen as the "victim" of the coalition) rather than to resign under the shadow of his suspected dirty business deals. After the 9:00am deadline passed, Dzurinda forwarded his request to recall Rusko to President Gasparovic, who removed Rusko from his ministerial post at noon. Minister of Finance Ivan Miklos (a member of Dzurinda's SDKU party) has been placed in temporary and concurrent control of the Ministry of Economy until the installation of a new Minister. Rusko, still a member of parliament, will retain his immunity from prosecution. Miklos has already announced three initiatives that he will undertake as caretaker Minister of Economy: preventing suspicious financial transactions, privatizing the Slovak Power Co., and resolving the problems surrounding the construction of the new KIA plant in Zilina.

IN PARLIAMENT, EIGHT IS ENOUGH

[1](#)4. (C) After Dzurinda's evening press conference, ANO immediately retreated to a late-night strategy session that we are told adjourned at 3:00am. Already plagued by the divisive vote of the party presidium on Monday night (during which five members -- including the two other ANO cabinet Ministers in government -- voted for Rusko to resign), the midnight hours brought more potential disarray to the party. ANO MP Jozef Heriban announced that he was leaving the party, and we are told that altogether eight of ANO's eleven MPs may defect; this number may be crucial, as eight MPs are required to form a "club" in Parliament, allowing the members to operate as a pro-coalition voting block independently of ANO.

THE MEN WHO MIGHT BE MINISTERS

[1](#)5. (C) ANO, under the coalition agreement, "owns" three Ministries: Economy, Culture, and Health. However, Minister of Culture Frantisek Toth and Minister of Health Rudolf Zajac both voted against Rusko in the ANO presidium meeting, and the party has thus called for their replacement as well. ANO proposes that Vladimir Menich, currently State Secretary at the Ministry of Transportation, be elevated to Minister of the Economy, and has recommended that Milan Kepena, a regional representative in the Banska Bystrica government, be elevated to Minister of Culture, though the party has not yet

identified a possible replacement for the Zajac at the Ministry of Health.

PRIME MINISTER TO THE AMBASSADOR: SEVEN ON MY SIDE

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16. (C) However, PM Dzurinda himself has told us that he has not yet taken action on the proposed cabinet shuffle, because he is waiting to see whether or not ANO continues to fragment, and, if so, if the piece of the party remaining

with Rusko is worth retaining in the coalition. During the Ambassador's introductory call on him, Dzurinda told us that he felt there were at least seven of the former eleven ANO MPs already on his "side" and supporting the coalition, and if they split from the party, he feels that he will be free to replace the ANO cabinet Ministers with other coalition representatives. However, he said he "needs time" to continue discussions with those remaining close to Rusko, who he hinted were ANO MPs Eva Cerna, Beata Brestenska, and Iveta Henzelyova.

COMMENT: WHY THERE WON'T BE EARLY ELECTIONS

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17. (C) Early elections -- which would, if called, be held only a few months before the regularly scheduled elections next fall -- are unlikely, and none of our contacts in either coalition or opposition parties have expressed serious interest in calling for early polls. Knowing this, Dzurinda told the Ambassador that he does not consider this crisis "serious," and is confident that the parliament will continue to support him. For Dzurinda, having the "right" people in the Ministries of Economy, Culture, and Health in the year before the election is likely worth much more than having a three-vote ANO remain in the coalition.

VALLEE

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